Purchase preference policy

661. SHRI VIJAY J. DARDA: Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether extension of the purchase preference policy by another three years for the Central Public Sector Undertaking would help the loss-making units or the benefit would accrue only to already profit-making PSUs;

(b) the percentage of business contracted by PSUs that is attributable to the purchase preference policy during the years 2003 and 2004; and

(c) whether Government propose any measures which would gradually made them profit-making in the foreseable future as loss-making or nearly sick PSUs require special consideration?

THE MINISTER OF STATE OF THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI SONTOSH MOHAN DEV): (a) Government has extended the Purchase Preference Policy (PPP) for another 3 years *i.e.* upto 31.3.2008. The PPP is a general policy capable of benefiting both loss making and profit earning Central Public Sector Enterprises (CPSEs). However, while extending the PPP upto 31.3.2008, Government have directed the administrative Ministries/Departments in charge of CPSEs to identify such CPSEs as may or may not require the support of PPP.

(b) As per information available, the percentage of orders received by CPSEs under PPP during 2002-03 and 2003-04 was about 0.40% and 0.49% respectively of the turnover of the beneficiary CPSEs during the respective years.

(c) Enterprises specific measures are taken by the concerned administrative Ministries/Departments/CPSEs from time to time in this regard. Some measures include periodical review of performance, financial and business restructuring, modernization, upgradation of technology, infusion of fresh funds, rightsizing of manpower, purchase, preference, improved marketing strategy, cost control measures etc.